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SIPDIS

DEPT FOR NEA/FO, NEA/ELA  
DEPT FOR PRM/FO, PRM/ANE  
ALSO FOR IO ACTING A/S WARLICK  
P FOR DRUSSELL AND RRANGASWAMY  
JERUSALEM FOR REFCOORD CKAPLAN  
INL FOR A/S JOHNSON  
USUN FOR WOLFF/GERMAIN/SCHEDLBAUER  
NSC FOR MCDERMOTT AND SHAPIRO  
PRM FOR ACTING A/S WITTEN  
ALSO FOR PRM BROOKS-RUBIN AND RAMGOOLIE

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SUBJECT: LEBANON: UNRWA DIRECTOR--WE ARE RUNNING OUT OF CASH

REF: JERUSALEM 378

SUMMARY

1. (SBU) In a March 27 meeting with international donors, United Nations Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA) Lebanon Director Salvatore Lombardo stressed the dire financial situation that UNRWA faces. Regarding Nahr al-Barid reconstruction, he said the land expropriation process and the Lebanese Armed Forces' (LAF) treatment of Nahr al-Barid visitors had improved. The GOL's adoption of UNRWA's "Master Plan" for reconstruction was proceeding on track. However, Lombardo said the requirement that UNRWA obtain construction permits could delay reconstruction efforts. Lombardo termed the assassination of PLO Deputy Representative to Lebanon, Kamal Medhat a "huge loss" for the Palestinian people in Lebanon. End Summary.

UNRWA BUDGET SHORTFALL  
THE WORST EVER

2. (SBU) In a March 27 meeting for international donors attended by the Ambassador, the United Nations Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA) Lebanon Director, Salvatore Lombardo, said UNRWA faces the worst budget shortfall in its history. Lombardo attended UNRWA's Extraordinary Session of the Advisory Committee (Ad-Com) in Amman, Jordan on February 17 and said UNRWA faces a budget shortfall of \$52 million in 2009, and \$88 million in 2010 (reftel). The deficit for 2010 is the worst ever and puts UNRWA in a difficult situation where it may have to cut services for Palestinian refugees in Lebanon fairly soon if additional funding is not received, according to Lombardo. For example, Lombardo hinted that UNRWA may have to cut teachers' salaries while asking them to work double shifts and adding to the number of students they have in their classrooms. Lombardo proposed working with UNRWA, international donors to see what cuts can be made to the budget, so as to not effect major initiatives funded by donors.

LAND EXPROPRIATION PROCESS  
MOVES TO NEXT LEVEL  
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¶3. (SBU) Lombardo noted that the Lebanese cabinet had resolved the outstanding issue of how the GOL notifies property owners that land expropriation will occur in a way that will allow expropriation to move ahead quickly. (The Nahr al-Barid refugee camp resides on land still owned by private Lebanese citizens. Under a recently approved cabinet decree, the GOL decided to expropriate the 32 land on which the camp sits.) The measure will allow expropriation, and the commencement of construction, to proceed faster than it would have otherwise.

¶4. (SBU) Lombardo said that Oman had transferred \$7 million to the GOL's Ministry of Finance to pay for the land expropriations (a total of \$9.6 million is needed). This amount pays for the expropriation of enough plots for UNRWA to begin construction on "Packages 1 and 2", the UNRWA compound directly outside the camp, and UNRWA run schools. (Note: UNRWA divided Nahr al-Barid camp reconstruction into "packages." Package 1, which includes 120 buildings for 399 family shelters, and Package 2, includes 330 buildings for 1,029 families. Package 1 will also include the infrastructure for both Package 1 and 2 as well as the off-site infrastructure for the entire camp, such as the water supply system and waste water connections. End Note.)

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¶5. (SBU) Regarding the "new camp," (an adjacent area to the Nahr al-Barid camp that houses a number of Palestinian refugees) Lombardo said some of the homes had not been fully destroyed. Therefore, UNRWA could start repairing many of the standing buildings which would mean families could begin to return. He added that Greece (which just donated \$1 million Euros) and France will fund water sanitation projects in the new camp, and Germany and Italy plan to initiate infrastructure projects as well.

FINAL ISSUES HOLDING UP  
ADOPTION OF MASTER PLAN  
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¶6. (SBU) The other remaining issue is that UNRWA still needs to attain construction permits to begin reconstruction. Lombardo wants the GOL to waive this requirement for UNRWA. However, GOL Chief Technical Advisor for Nahr al-Barid reconstruction Dr. Sateh Arnaout stated that UNRWA will have to obtain the construction permits, as waiving this requirement would require parliament to amend the law. However, Lombardo feels that the waiver is needed, and said PM Siniora's help will be needed to solve this issue. Arnaout said the GOL will most likely approve UNRWA's Master Plan at its April 6 cabinet meeting. Once it's approved, UNRWA can begin to apply for construction permits to begin reconstruction, Arnaout added.

¶7. (SBU) (Note: Subsequently, in a April 1 phone conversation, Dr. Arnaout said the GOL recently decided to allow UNRWA to construct balconies on some of the buildings within the camp. The Lebanese Armed Forces (LAF) initially had opposed this plan on security grounds. This was one of two issues holding up the GOL's adoption of the UNRWA developed Master plan. End note)

MORE ACCESS  
TO THE CAMP  
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¶8. (SBU) Lombardo said the LAF will give refugee friends and relatives living outside Nahr al-Barid, as well as NGO employees, a six-month pass to enter the camp, as opposed to

the two-month passes previously given to visitors. The LAF also plans to open five or six more access points to enter the camp and increase the number of lanes to accommodate more drivers. The LAF will also conduct random car searches as opposed to systematic ones, to decrease checkpoint delays. Finally, Lombardo said that LAF Commander General Jean Kahwagi promised that LAF soldiers at checkpoints will be more polite to residents and visitors entering and exiting the camp.

UPDATE ON DONOR  
CONTRIBUTIONS

¶9. (SBU) Overall costs for Nahr al-Barid reconstruction are estimated to be around \$323.4 million, according to Lombardo. Less than 20 percent of that has been pledged. UNRWA has directly received \$32.3 million (of the \$42 million pledged so far) towards the reconstruction, and will receive additional funding of around \$10 million from the World Bank-administered Multi-Donor Trust Fund (MDTF.) So far, according to Arnaut, Spain has donated \$7.9 million to the MDTF, while Norway gave \$1.42 million and Finland donated \$130,000. Lombardo added that UNRWA wants to invite China to join the MDTF. In addition, there are outstanding unconfirmed pledges of \$10.1 million. This leaves a funding shortfall of around \$270 million for NBC Reconstruction. With the \$32 million received so far, UNRWA plans to begin construction on Packages 1 and 2.8

¶10. (SBU) Regarding the Relief and Recovery, UNRWA has

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received nearly \$8.9 million (out of \$42.7 million requested) and \$4.9 million of pledges for related projects. The European Commission (EC) guaranteed funds for the rental subsidies to 3,275 families and food parcels to 3,100 families that will last through December 2009. This amounts to roughly \$1.5 million every three months, according to Lombardo. UNRWA has not received funding to cover hospitalization costs for Nahr al-Barid refugees, Lombardo said. He also noted that the United Arab Emirates Red Crescent Society recently donated \$1 million to UNRWA to construct a further 149 temporary shelter units for displaced Nahr al-Barid camp families.

¶11. (SBU) Lombardo said there were no updates regarding the missing pledges from the Gulf states. He noted that UNRWA's Commissioner-General Karen AbuZayd met with Gulf leaders in Sharm el-Sheikh, and that most of them confirmed that their interest in making a donation. (Note: AbuZayd will travel to Lebanon on April 15-16. End Note.) Lombardo said he felt something would happen soon, but that UNRWA would not "rock the boat" by making a big fuss with those potential donors.

DEATH OF PLO DEPUTY  
A HUGE LOSS

¶12. (SBU) Lombardo said the recent assassination of PLO Deputy Representative to Lebanon Kamal Medhat was a "huge loss" for the Palestinian people. The GOL launched an investigation into the assassination, and a PLO security team from the West Bank arrived to Beirut to help GOL officials with the investigation, he added. The message from the GOL and PLO Representative to Lebanon Abbas Zaki calling for restraint were positive, Lombardo noted. All Palestinian factions had attended Kamal's funeral, he said.

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